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US Economic Sanctions Take Toll on Nicaragua

By MIMI WHITEFIELD
Knight-Ridder Newspapers

MANAGUA, Nicaragua — President Reagan's economic war on Nicaragua is taking a multimillion dollar toll on this embattled Central American nation.

Junta Coordinator Daniel Ortega has estimated that U.S.-imposed economic sanctions, ranging from a deep cut in Nicaragua's sugar quota to blocking multilateral loans to Nicaragua, have deprived the Nicaraguan treasury of $354 million this year.

Low world prices for Nicaragua's main export crops — coffee, cotton and sugar — have taken another $180 million bite out of Nicaragua's 1983 revenues (compared with 1980 prices), Mr. Ortega said last week in a speech marking the fourth anniversary of the Sandinista revolution.

However, it is the economic sanctions adopted by the United States that are the most vexing to the Nicaraguans.

Alejandro Martinez Cuenca, Nicaragua's minister of foreign trade, said, "Nicaragua depends heavily on its foreign trade to survive. That is known by the enemies of the revolution, and that is why they have tried to impose sanctions that will weaken the strength of the popular revolution."

The United States also has hindered the importation of spare parts for Nicaragua's coffee mills, resulting in an estimated loss of $5 million through work stoppages, Mr. Martinez said.

And, he said, it is conceivable that Mr. Reagan might try to curtail the activities of Nicaraguan trading companies in the United States, such as the World Commerce Corp., based in Coral Gables, Fla. World Commerce is partly owned by the Sandinista government through a Panamanian holding company. "I wouldn't be surprised if he would try to do that," Mr. Martinez said.

Despite the economic hostilities, the United States is still Nicaragua's top trading partner and the Sandinistas would like it to remain so.

"Up until now the U.S. market has been a very natural market for us," Mr. Martinez said. "In spite of the political differences that might exist between our country and the U.S. State Department and the person in the White House in the United States, the business community looks at this country with interest."

"We don't want to close our trade relations with the United States," Mr. Martinez said. "They are important for us."

Although the U.S. share of Nicaraguan imports shrank from 26.3 percent to 17 percent between 1981 and 1982, Nicaraguan exports to the United States have remained fairly constant — 24 percent of total exports in 1982.

This year should be different. The United States has made a drastic cut in the amount of sugar Nicaragua is allowed to ship the United States and has restricted trade financing for Nicaraguan deals.

Nicaragua is convinced the new sugar quota is illegal. Nicaragua has complained to international authorities charged with enforcing the General Agreement on Tariffs and Trade, which has appointed a three-member panel to decide if the United States has violated GATT accords.

Nicaragua had been allowed to send 57,000 tons of sugar to the United States each year. But in May, the Reagan administration cut that to 6,000 tons and said the remainder of the allocation would be given to friendly sugar-producing nations such as Costa Rica, Honduras and El Salvador.

The new quota is so low, scoffed Mr. Martinez, that "not even a ship would come to pick it up." The slash in sugar exports to the United States will mean a loss of $18 million in foreign exchange this year in a country that is already running a large trade deficit.

Washington's decision to block Nicaragua's future loan requests to the Inter-American Development Bank and the World Bank also is a source of much consternation in Managua.

Barricada, the official paper of the Sandinista National Liberation Front, has said that pressure by the United States has resulted in the loss of $112.5 million in multilateral loans since 1980. Loss of these loans has halted projects ranging from road construction and rural health programs to school construction, as well as hampered Nicargua's ability to import.

In 1979, Nicaragua received $213 million from multilateral agencies, Mr. Ortega said. Loans so far this year are about one-tenth of that: $21.8 million.

Suspended U.S. credit facilities and pressure on private banks to withhold export credits also has begun changing Nicaraguan trade and limiting its ability to buy in the United States, Mr. Martinez said.

Now instead of buying U.S. products on credit, "if you don't have the cash, you don't buy," he said.

Nicaragua also has broadened its trade relationships with the socialist countries. In 1977, when Anastasio Somoza was still in power, trade with Soviet bloc nations accounted for only 1 percent of Nicaragua's exports and 0.3 percent of its imports.

By last year, however, trade with these Eastern European countries accounted for 6.2 percent of Nicaragua's exports and 11.5 percent of its imports.